

**AGENDA of the
Portfolio Committee : Planning & Development
18 August 2026
(Also the agenda for the Mayoral Committee Meeting : 25 August 2026)**

**6.
LEASE OF A PORTION OF ERF 775 FISHERHAVEN FOR RESORT PURPOSES, IN
PRINCIPLE APPROVAL FOR LEASE BY MEANS OF A COMPETITIVE PROCESS**

**A Le Roux
21 July 2025**

Divisional Manager: Property Management

(028) 316 - 5623

1. Executive Summary

To obtain approval in principle to proceed with the competitive bidding process (tender) for the long-term lease, development, management and maintenance of a portion of Erf 775 Fisherhaven (2,1284 Hectares in extent) situated next to Riverside Drive, Fisherhaven (hereinafter referred to as the "Property"), for a period of 25 (TWENTY-FIVE) years as holiday resort, at a market related rental.

See the locality map attached marked Annexure "A".

2. Service Delivery and Budget Implementation Plan - IGNITE

Planning and Development
Property Management

3. Compliance with Strategic Priority

Provision of democratic, accountable and ethical governance

4. Delegated Authority

None

5. Legal Requirements

- Municipal Asset Transfer Regulations (R. 878 of 2008) ("MATR")
- Administration of Immovable Property Policy of the Overstrand Municipality (2015)

6. Background/Discussion/Evaluation/Conclusion

Background/Discussion

The Municipality currently has a temporary agreement with Point Caravan Resort (Pty) Ltd in place for a period of 15 (FIFTEEN) months from 1 April 2026 for the lease, management and maintenance of the Property as holiday resort at an initial rental amount of R35,118.60 (THIRTY-FIVE THOUSAND

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ONE HUNDRED AND EIGHTEEN RAND AND SIXTY CENTS) (VAT excluded) per month.

On 25 March 2026 Council resolved as follows:

- “2. *that the Accounting Officer, via the Property Management Division, be authorised to commence with the public participation process required by paragraph 19.1(a) of Council’s Administration of Immovable Property Policy (2015), for the long-term lease, development, management and maintenance of a portion of Erf 775 Fisherhaven (2,1284 Hectares in extent) situated next to Riverside Drive, Fisherhaven, for a period of 25 (TWENTY-FIVE) years as holiday resort, and to report the outcome of the public participation process thereon to Council in order for it to make a reasoned, deliberate decision in principle to proceed with the proposed competitive process for the said long term lease; and*
3. *that the deviation from paragraph 40 of the Administration of Immovable Property Policy to fix the annual escalation rate of the rental to be received at 8% (EIGHT PERCENT) in relation to the proposed long-term lease, be approved.”*

Subsequently a public participation process was followed and an advertisement informing the public of Council’s intention to make the Property available by means of a competitive process was published in the Village News on 17 April 2026 with a closing date of 17 May 2026. The public was given an opportunity to comment on the proposed lease. No comments nor objections were submitted directly to the Property Management Division.

Evaluation

The following conditions of the Administration of Immovable Property Policy of the Overstrand Municipality apply:

Paragraph 17: “Taking into consideration the nature and duration of the lease to be entered into, the leasing of immovable property may be affected by means of either:

17.1 a competitive process, which may include a closed or public tender or proposal call, specifically in circumstances listed in paragraph 18 below; or

17.2 a direct lease”.

Paragraph 18: “A competitive process must at all times be followed in circumstances where:

18.1 the lease is for a long-term with an income value in excess of R10 million;

18.2 the lease is for a formal business premises with a market related

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rental;

18.3 more than one party, in discretion of the municipality, is interested in the lease of the subject property; and/or

18.4 by discretion of the municipality, a competitive process will best serve the interests of the community”.

As (i) the expected rental income for the proposed lease period will be in excess of R10,000,000.00 (TEN MILLION RAND), (ii) many parties showed interest in managing a kiosk and restaurant from the Property, (iii) the Property is well situated, and (iv) the intended use of the Property will be for business purposes, the Property can only be made available for leasing by means of a competitive process at a market related rental.

Paragraph 19: “Long term lease of municipal immovable property with an income value in excess of R10 million:

19.1 The Municipality may grant a long-term lease of municipal immovable property with an income value in excess of R10 million only after:

- (a) the Accounting Officer has, through the Property Administration Department, conducted a public participation process; and***
- (b) the Municipal Council has approved in principle that the right may be granted.***

After Council authorised the Accounting Officer, through the Property Management Division, to commence with the public participation process as required above, the process was followed as an advert was published as discussed above.

The purpose of this report is to request Council's in principle approval to proceed with the competitive process (tender).

19.2 The public participation process in terms of paragraph 19.1(a) may only be authorised by the Municipal Council. A request to the Municipal Council for authorisation of a public participation process must be accompanied by:

- (a) the reasons for the proposal to grant the long term lease;***
- (b) any expected benefits to the Municipality as a result of the lease;***
- (d) any expected proceeds to be received by the Municipality from the proposed lease, and***
- (e) any expected gain or loss to be realised or incurred by the Municipality arising from the lease. ”***

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All the above were discussed in the report that served before Council on 25 March 2026.

- 19.3 If the public participation is authorised, the accounting officer must at least 60 days before the meeting of Council at which the determinations referred to in 19.1(b)(i) and (ii) above are considered**
- (a) make public the proposal to lease the asset;**
 - (b) invite the local community and other interested parties to submit comments or representations in respect of the proposed lease of the asset;**
 - (c) solicit the views and recommendations of the National Treasury and the relevant Provincial Treasury on the matter.**

The advertisement was published in the Village News on 17 April 2026 and the comments and/or recommendations from National- and Provincial Treasury were requested. The latter two entities did not comment on the intention of Council to grant a long-term lease in respect of the Property.

No comments/objections were received by the Property Management Division. The Lake Marina Yacht and Boat Club did however, in a letter to the Municipality's attorneys of record, dated 21 May 2026, as part of their current legal action against the Municipality (on the old tender award which lease agreement has since lapsed), indicate as follows:

"Should the OSM draft the proposed new erf 775 tender without acknowledging and providing for the Club's historic right, then LMYBC hereby reserves to itself the right to bring an application to set the next tender aside."

The Lake Marina Yacht and Boat Club has been informed by the Municipality's attorneys that their claim that they have some sort of historic right to the use the Property as a yacht club, is simply not correct in law. The Lake Marina Yacht and Boat Club leased the property for a period and those leases expired as did the right(s) exercised in respect of such leases.

There is thus no obligation in law on the Municipality to include any alleged historic right of the Lake Marina Yacht and Boat Club in the new tender to be advertised. Prospective bidders can also not stipulate what the Municipality must include in a tender, especially if it is in their favour.

Paragraph 24: "The fair market value for the alienation of, the rental amount for the leasing or compensation payable for a servitude over municipal immovable property shall be determined by an independent professional valuer or professional associated valuer registered in terms of the Property Valuers Profession Act, 2000 (Act 47 of 2000), or any ensuing act at the cost of the purchaser (in the case of a direct sale) or lessee (in the case of a direct lease)/servitude holder (in the case of a servitude".

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HCB Valuations & Services (Pty) Ltd determined the market related rental for the Property on 24 February 2026 at an amount of R1.65/m² (ONE RAND SIXTY-FIVE CENTS PER SQUARE METRE) (VAT excluded) per month. On the size of 2,1284ha the rental amount will be R35,118.60 (THIRTY-FIVE THOUSAND ONE HUNDRED AND EIGHTEEN RAND AND SIXTY CENTS) (VAT excluded) per month.

Paragraph 40: “Rental, except where it is decided otherwise by the Municipality, shall escalate on the 1st of July every year, by a percentage fixed in accordance with the prevailing consumer price index (all items).”

Council, on 25 March 2026, approved the deviation from paragraph 40 of the Administration of Immovable Property Policy to fix the annual escalation rate of the rental to be received at 8% (EIGHT PERCENT) in relation to the proposed long-term lease.

Paragraph 47: “Subject to paragraph 46 above, immovable property let by the Municipality shall be inspected at least once a year by the Municipality to ensure compliance with the terms and conditions of the agreement of sale or lease.”

The Property will be inspected by the Property Management Division at least once a year.

It is further confirmed that the other Conditions of Lease as stipulated in paragraph 36 – 50 of the said policy will be included in the lease agreement.

Conclusion

Considering the above discussion, it is recommended that in principle approval be given for the lease of the Property as required by the MATR and Administration of Immovable Property Policy.

7. Financial Implications

The Municipality stands to gain a minimum rental amount of R35,118.60 (THIRTY-FIVE THOUSAND ONE HUNDRED AND EIGHTEEN RAND AND SIXTY CENTS) (VAT excluded) per month as well as rates and taxes. Rental shall escalate every year on the 1st of July in with 8% (EIGHT PERCENT). All expenses pertaining to the proposed lease will be borne by the lessee after the tender is awarded to a successful bidder.

8. Staff Implications

None

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9. Comments from other Departments, Divisions and Administrations

Divisional Manager: Expenditure, Fleet and Asset Management - Mr J Vorster

“As this is an income generating proposal, with no intention of selling the asset, there is no objection against the application”.

10. Annexures

Annexure A: Locality map

RECOMMENDATION TO THE COUNCIL:

that the long-term lease, development, management and maintenance of a portion of Erf 775 Fisherhaven (2,1284 Hectares in extent), situated next to Riverside Drive, Fisherhaven, for a period of 25 (TWENTY-FIVE) years as holiday resort, by means of a competitive process (tender) at a market related rental, **be approved in principle.**

RESPONSIBLE OFFICIAL :

A LE ROUX

TARGET DATE FOR IMPLEMENTATION :

16 SEPTEMBER 2026

TARGET DATE TO INFORM APPLICANT :

N/A

TARGET DATE TO INFORM OBJECTOR :

N/A

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A Le Roux **Divisional Manager: Property Management** **(028) 316 - 5623**
21 July 2025

THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON 18 AUGUST 2026, WHICH COMMITTEE RECOMMENDED AS FOLLOWS:

RECOMMENDATION TO THE COUNCIL:

that the long-term lease, development, management and maintenance of a portion of Erf 775 Fisherhaven (2,1284 Hectares in extent), situated next to Riverside Drive, Fisherhaven, for a period of 25 (TWENTY-FIVE) years as holiday resort, by means of a competitive process (tender) at a market related rental, **be approved in principle.**

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ANNEXURE A

